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RUEHIL/AMEMBASSY ISLAMABAD 2186

RUEHBUL/AMEMBASSY KABUL 2176

RUEHLO/AMEMBASSY LONDON 1823

RUEHML/AMEMBASSY MANILA 0163

RUEHNE/AMEMBASSY NEW DELHI 2145

RUEHAAA/NSC WASHINGTON DC

RUEHFR/AMEMBASSY PARIS 1616

RUEKJCS/SECDEF WASHDC

RUEHKO/AMEMBASSY TOKYO 1639

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SUBJECT: AFGHAN VIEWS FROM NORTH OF THE BORDER: PROSPECTS FOR
TAJIK-AFGHAN TRADE

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¶1. Summary. Not far from the nearly-completed U.S.-funded Nizhniy Pyanj bridge at the Tajik-Afghan border, Afghan traders ferry goods from Pakistan, China, and Iran into southern Tajikistan. The opening of the Nizhniy Pyanj bridge will open the door for more trade while decreasing the opportunity for corruption at the border. However, Afghan officials worry that Tajik restrictions on Afghan businesspeople will limit potential economic development. The United States can help facilitate Tajik-Afghan dialogue to resolve some of these issues. End Summary.

At the Ferry Crossing

¶2. Businessmen wait in the shade at the lazy ferry crossing on a hot and dusty afternoon. Tajiks run the ferry, and charge \$110 per truck to cross the river from Afghanistan, while trucks leaving Tajikistan pay only \$60. The ferry runs three times a day, carrying six trucks each way hauling food, construction materials, and medical supplies. During the summer, as prices of goods within Tajikistan rise, trucks often return to Afghanistan empty.

¶3. One Tajik businessman, "Muhabbat," showed EconOffs ten trucks packed high with Pakistani cement. He had been waiting two days for a Tajik standards official to take a sample of the cement 200 km to Dushanbe, certify its quality, and return with a certificate so he could haul the load into Tajikistan. (Note: TojikStandart is the government agency charged with regulating standards for all products and services in Tajikistan. End

Note.) A major housing and office construction boom and several major infrastructure projects have driven up the demand for cement and the monopoly state-owned construction company Tajikcement is failing miserably to keep up. This summer, cement prices have tripled, and local customers have flocked to the lower quality Pakistani cement to fill their needs.

¶14. Muhabbat, despite close family connections to President Rahmon, has to negotiate with the border guards, customs, the sanitary service, and state standards agency on each transaction. Once, Muhabbat dumped ten tons of eggs into the river after waiting for a week for the standards agency to certify his goods. Customs officials charged another importer \$18,000 to import twenty tons of meat into Tajikistan, a 100% customs duty. Without storage facilities on either side of the border, transporting perishable goods is risky.

¶15. Still, some trade is fruitful. Tajik businesspeople pay \$3 per 14 kilogram crate of mandarins in Afghanistan, and sell these crates for \$20 on the Tajik market. According to the Tajik Customs Committee, over \$6 million in goods crossed the ferry at Nizhniy Pyanj in 2006 - \$3.5 million imports to Tajikistan, and \$2.5 million in exports. Unofficial trade is likely even higher.

Help for the Border Towns

¶16. The Tajik border region of Kumsangir has much to gain from improved infrastructure and relaxed trade restrictions. Most trucks skip over the region's 4,500 citizens on their way to Dushanbe. Besides lemons and produce that local entrepreneurs take up to Dushanbe, one sees little evidence of economic activity. Kumsangir gets electricity five months of the year; and the government closes the water channel from the Vakhsh river, leaving residents without water from November to April as

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well. The government provided little assistance after an earthquake last year rattled the mud-built walls of the city's buildings. (Note: The U.S. Government provided emergency supplies and \$50,000 in housing assistance. End note.)

¶17. Further north in the small city of Kolkhozobad, home to 140,000 people, between Dushanbe and the Nizhniy Pyanj bridge, business owners explained that they lack capital to start and expand their businesses. Tajik and Afghan businessmen described concern over a 2002 Tajik governmental decree which regulates the types of goods allowed for export/import with Afghanistan, limiting expansion of trade with Afghanistan. Businesspeople in both districts told EconOffs that they receive many products from Afghanistan, and they believe the Nizhniy Pyanj bridge will provide new opportunities for trade.

Governor of Kunduz

¶18. In Kolkhozobad, EmbOffs happened upon Muhammad Omar Sulaimoni, governor of Kunduz province of Afghanistan, and Abdul Jafar Sadeed, head of the international department, at the Afghan Ministry of Foreign Affairs branch in Kunduz. The governor was having lunch at the house of Dilbar Nurmatova, the head of the non-governmental organization Sapada, which is implementing a State Department Business Facilitation Incentive Fund project on cross-border trade. Declining the vodka toasts traditional in Tajikistan but not common in Afghanistan, Sulaimoni explained the troubles Afghans are having with their northern neighbor.

¶19. Sulaimoni complained about the unfair treatment Afghan traders receive in Tajikistan. Tajiks see in every Afghan a potential terrorist and drug dealer, he explained. The Afghan governor pointed out that Afghanistan accepted Tajik civil war refugees in the 1990s, allowing them to live in Kunduz, set up businesses, buy land and property, and get married. According to Sulaimoni, Tajiks distrust Afghans who come to Tajikistan

only to do business, treating them rudely at the border, and delaying the visa process. Tajikistan and Afghanistan do not have a transit agreement, and Tajikistan does not allow Afghan vehicles to cross the Tajik border. Businesspeople therefore use Tajik trucks for all cross-border trade.

¶110. Sulaimoni explained that last year Tajikistan offered to open a consular office in Kunduz so Afghans would not have to travel to Kabul to receive visas. He claims that the Afghan side set up the office, provided security guarantees to the Tajiks, and settled all administrative issues, while the Tajiks have done nothing to move forward. According to Sulaimoni, the Tajik consular office in Kabul is waiting for their superiors in Dushanbe to act, and the Afghans have not had luck pushing the Ministry of Foreign Affairs here.

¶111. In Dushanbe, Dr. Atta Ghaznawi, the Afghan trade representative to Tajikistan (and U.S. green card holder), supported Sulaimoni's points, noting that the Ministry of Foreign Affairs has ignored his letters for months. Recently, when the Afghan government requested visas for 15 Afghan businesspeople to attend a trade show in Eastern Tajikistan, the Tajik government flatly refused visas for the entire group. After the Tajik Consul insulted these businesspeople and kicked them out of the Tajik Embassy in Kabul, the group sent a letter of complaint to the Afghan-American Chamber of Commerce urging Afghan businesspeople to boycott trade with Tajikistan.

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Bringing Tajiks and Afghans Together

¶112. Non-governmental organizations help bridge the gap between these two countries with historical and cultural ties by supporting businesspeople who typically lack knowledge of their rights and have no recourse against corrupt officials. With U.S. support, non-governmental organization Sapeda will publish a brochure explaining key laws and regulations on Tajik-Afghan trade issues. Sapeda conducted training in Afghanistan in cooperation with the International Labor Organization on how to start up a small business. Sapeda would like to translate its Tajik language training brochures into Dari/Farsi, even though they estimate that over 95% of individuals in Kunduz cannot read or write. Sapeda requested U.S. support for establishing an information resource center at the border to assist traders at the new bridge site. In September 2007, Sapeda will organize a cross-border trade exhibition in Kunduz province.

¶113. The U.S. government can also play a useful role as direct facilitator between Tajikistan and Afghanistan to improve dialogue on economic relations. Ghaznawi requested U.S. support for the Tajik-Afghan Chamber of Commerce, to showcase the potential for trade between the two countries. He also noted the difficulty he is having with the Tajik Ministry of Foreign Affairs, and suggested that we could help engage the Tajik government on what he sees as simple good business.

¶114. Securing the Tajik-Afghan border by training and equipping customs and border officials will help alleviate Tajik concerns. Ghaznawi feels that beyond security concerns, Tajiks choose to limit trade in order to line their own pockets. Ghaznawi recognizes the need for a strong border and the ability to keep narcotics out of Tajikistan, but does not see why this should interfere with trade that benefits both sides. The Tajiks need to engage in constructive dialogue and move beyond general statements of historical friendship if they are going to take advantage of the \$36 million Nizhniy Pyanj bridge.

¶115. Comment: Tajikistan and Afghanistan should be natural trading partners, but it may take some confidence building steps to erase the Tajiks' bias against the Afghans. Post is aware from its own discussions with Tajik officials of the distrust of Afghans -- including Foreign Minister Zarifi's June 20 assertion to the Ambassador that "Afghans want to be in Tajikistan only for drug trading." Post will act on Ghaznawi's request to

facilitate a more direct conversation between Afghan and Tajik trade representatives, and the Tajik Ministry of Foreign Affairs, perhaps starting with the incoming head of the Consular Department of the Foreign Ministry. The opening of the bridge will provide an excellent opportunity for post, and high-level visitors to reinforce this message. End Comment.

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